

STAT

Mr. MORSE.

Mr. President, I ask unanimous consent to have the entire column written by Drew Pearson, and published by the Bell Syndicate on January 17, 1962, printed at this point in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

JOHN MCCONE DID NOT SELL HIS STOCK WHEN HE BECAME AEC CHAIRMAN—HIS SHIPPING LINES DID PROFITABLE BUSINESS WITH AEC CONTRACTORS—THE LAW DOES NOT PERMIT ANY CHOICE ON CONFLICT OF INTEREST
(By Drew Pearson)

WASHINGTON.—In June 1958, John A. McCone, the new would-be Central Intelligence Chief, wrote a letter to Sherman Adams, later kicked out of Government for a conflict of interest, to let him know whether he, McCone, might have a conflict of interest as new Chairman of the Atomic Energy Commission.

Ignoring the fact that the Goldfine charges against Adams had not made him the best man to be as judge, McCone listed the Utah Construction Co., Kaiser Engineers, Dow Chemical, Union Carbide as doing large business with the Atomic Energy Commission, and simultaneously doing business with his own privately owned shipping companies.

Incidentally, two of these companies, Kaiser and Utah Construction, showed the pattern of business links McCone has kept with his old associates and war profiteers. McCone was president and a partner with Henry Kaiser and associates in running the California Shipbuilding Co. during the war when they rolled an investment of \$100,000 into an overall profit of \$44 million.

Later, when he was Under Secretary of the Air Force, McCone gave his old partner a quickie flying boxcar contract at three times the cost the Air Force was paying Fairchild. Incidentally, Senate hearings conducted by the late Senator Styles Bridges, of New Hampshire, showed that Kaiser and his subsidiaries got a total of \$219,011,919 in Government AEC loans; received \$5,568 million in Government contracts, and got approximately half a billion dollars in quickie tax writeoffs.

BIG AEC CONTRACTORS

Kaiser has also been one of the biggest contractors with the Atomic Energy Commission including the period when Kaiser's old partner, John McCone, was AEC Chairman.

The company which operates under the all-inclusive name of Utah Construction Co. is also part-owned by Kaiser and actually is a big seller of uranium to the AEC through its subsidiary, Lucky Mc Uranium Corp.

Union Carbide is one of the biggest contractors with the Atomic Energy Commission. It not only sells uranium to the AEC, but operates AEC Plants at Oak Ridge, Tenn., and Paducah, Ky. Both Union Carbide and the Kaiser interests benefited from the AEC's decision not to buy uranium from "underdeveloped countries." This obviously played into the hands of established American companies such as Union Carbide and Kaiser.

Yet McCone, before he became Chairman of the AEC in 1958, admitted that his personally owned shipping line, Joshua Handy, handled "intercoastal and coastwise transportation of chemicals, transport products for Union Carbide, Dow Chemical, Standard Oil of New Jersey, Standard Oil of California, and others."

"I have some business relationships with Kaiser," he also testified, "inasmuch as a jointly owned company, 25 percent of which is owned by Handy and 75 percent by Kaiser Aluminum, has a long-range contract to transport Kaiser's bauxite."

"Would your firm continue to deal with these firms in the atomic energy field, such as Union Carbide?" asked Senator Clark Aronson of New Mexico.

"Yes, I would expect they would continue," replied the future AEC Chairman.

"Union Carbide is a large customer of Handy's," Aronson reminded him.

"Yes, they are," McCone agreed.

ADAMS GIVES HIM OK

However, he insisted that placing the stock of his shipping companies in trust with the Bank of California, in which he is also a stockholder, cleared him of any conflict of interest. This left him, however, with the profits which would accrue from the contracts his shipping companies made from Union Carbide, Kaiser, and the other firms which did business with the AEC of which he was Chairman. In other words, while he was AEC Chairman, his shipping companies would benefit from business with AEC contractors.

On the basis of this, Sherman Adams, that great judge of conflict of interest, OK'd the arrangement; and the Senate, alerted by the Sherman Adams-Goldfine headlines, also OK'd it and confirmed McCone as AEC Chairman.

However, now that McCone is looking up for another, even more important, post, head of Central Intelligence, the Senate might take time to review the record and study the law.

The conflict-of-interest law gives no choice either to McCone or to the Senate.

McCone said he had done "a great deal of soul-searching" and had concluded he could handle the AEC Chairmanship without any favoritism. However, the AEC law does not permit a man to search his conscience and make the decision. The law makes the decision for him. It gives no alternative other than get out of any conflict with private business interests.

"No member of the commission," it reads, "shall engage in any business, vocation, or employment other than that of as a member of the commission."

The law was passed not to be a test of soul-searching, but to make sure that men like McCone did not serve on a powerful commission with the potential for tremendous profits for certain companies, unless they gave up their private business interests, which benefited. McCone did not do, and in an early session, one significant result affecting McCone's private shipping line will be reported.